

PD-ABJ-278  
12/1 90/65

**LIMITED SCOPE GRANT AGREEMENT**

between

**THE UNITED REPUBLIC OF TANZANIA**

and

**THE UNITED STATES OF AMERICA**

acting through

**THE AGENCY FOR INTERNATIONAL DEVELOPMENT**

for

**PROGRAM DEVELOPMENT AND SUPPORT**

(621-0521)

LIMITED SCOPE GRANT AGREEMENT

NO. GRANT-AG-NO-94-01-LSGA

Between the United States of America, acting through  
the Agency for International Development (AID)  
(Grantor)

AND

United Republic of Tanzania  
(Grantee)

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1. Project Title Program Development and Support (1994)	2. AID Project Number 621-0521
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The above-named parties hereby mutually agree to carry out the Project described in this Agreement in accordance with (1) the terms of this Agreement, including any annexes attached hereto, and (2) any general Agreement between the two Governments regarding economic or technical cooperation.

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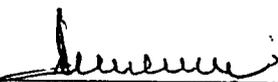
3. Grantor Contribution to the Project U.S. \$135,000	4. Grantee Contribution to the Project U.S.\$33,750	5. Project Assistance Completion Date 9/30/1995
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6. This Agreement consists of this title page; Annex A, Project Description; Annex B, Illustrative Budget and List of Studies; and Annex C, ProAG Standard Provisions Annex.

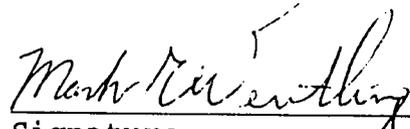
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7. For the United Republic of Tanzania	8. For the United States of America
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Signature

Title ASST COMMISSIONER  
Principal Secretary  
Ministry of Finance

Date 31. 8. 94

  
Signature

Title  
Director  
USAID/Tanzania

Date 2-9-94

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**PROJECT AGREEMENT**

**Annex A**

**PROJECT DESCRIPTION**

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|--|--------------------|
| 1. Project Title                       | 2. AID Project No. |
| Program Development and Support (1994) | 621-0521           |
- 

3. This project consists of:  
Technical and management studies, evaluations, audits, economic and social assessments, in-country seminars and workshops on specific topics related to the Economic and Social Action Program, and individual participation in international workshops and seminars. Activities undertaken through funding from this grant may be proposed by the Grantor and/or Grantee, and will be designed to provide information that is useful to Government or non-Government entities in the planning and designing of economic development interventions.

It is anticipated that a number of studies will be funded under this project. These, as well as the other activities included in this grant, will focus primarily on the major areas of agriculture, economic analysis, transportation, trade, health and population, selected physical and financial infrastructural services, public and private sector management and training.

In addition to the studies listed in the illustrative budget in Annex B below, these funds may also be used to support evaluation and project design activities and other studies related to the Economic and Social Action Program for Tanzania that may be agreed upon by both parties.

4. Special Provisions

(a) Nationality Requirements

- (i) Unless otherwise agreed by the Grantor in writing, no commodities will be financed under this Grant.
- (ii) Except with respect to air transport and ocean shipping, unless otherwise agreed by the Grantor, funds provided under the grant will be used exclusively to finance the cost of services having their nationality in the US, Tanzania, or in countries included in AID Geographic Code 935 (as in effect at the time orders are placed or contracts are entered into for such

services). Notwithstanding the foregoing, to the extent practicable, all procurement of services will be of US nationality. All transportation by air or ocean shipping, financed under the Grant, of property or persons, will be on carriers holding United States certification, to the extent service by such carriers is available.

- (b) Unless otherwise agreed by the Parties, the solicitation of proposals, and competitive practices prerequisite to contracting for services required to carry out the activities financed under the Grant will be undertaken by the Grantee. All contracting for services required to carry out the activities financed under the Grant will be undertaken by the Grantor.
- (c) Additions and/or deletions of approved activities set forth in Annex B shall be mutually agreed upon by the Director, USAID/Tanzania and the Principal Secretary, Ministry of Finance of the United Republic of Tanzania.
- (d) Grantor Contribution: The Grantor's contribution to the Project is provided for one year only in the amount shown in item 3 of the Title page of the Agreement, subject to the availability of Grantor funds for the purpose of this Agreement as described in paragraph 3, above, of this Annex.
- (e) Grantee Contribution: The Grantee will be expected to make available, for activities funded under the Grant which are undertaken in Tanzania, office space, counterpart personnel, local transportation and per diem of Grantee officials taking part in the studies to be funded by the Grant, wherever relevant, equivalent to at least 25% of total Grant i.e. \$33,750.
- (f) **Parking Fine for Tanzania Embassy in Washington**

The FY 1994 Foreign Operations, Export Financing and Related Programs Appropriations Act requires withholding from obligations for countries that have unpaid parking fines and penalties owed to the District of Columbia as of September 30, 1993. Tanzania is one of the countries in default.

Therefore, USAID/Tanzania has reduced \$14,927 from the \$150,000 originally planned for FY94 under the Program Development and Support - Limited Scope Grant Agreement (LSGA) to compensate for unpaid parking fines by the Tanzanian Government.

**ANNEX B**

**ILLUSTRATIVE BUDGET**

Set forth herein is an illustrative summary cost estimate for the activities to be carried out under the project.

Within the limits of the general description of the Project set forth in paragraph 3 of Annex A above, the specific types of activities to be financed and the amount of funds budgeted for each such item, may be changed by mutual agreement of the Parties by a Project Implementation Letter without formal amendment of this Agreement, provided the total budget for the project does not exceed the amount contained in Block 3 of the title page of this Agreement.

**PROJECT FINANCIAL PLAN - LIST OF ACTIVITIES  
(US DOLLARS)**

1. Economic studies, evaluations & audits	\$ 40,000
2. Workshops, seminars, conferences and training in support of the Economic and Social Action Program	\$ 95,000
	Total <u>\$135,000</u>

## PROJECT AGREEMENT

### Annex C

#### PROAG STANDARD PROVISIONS ANNEX

- A. Reference to 'this Agreement' means the original Project Agreement as modified by any revisions which have entered into effect. Reference to 'cooperating country' means the country or territory of the Grantee.
- B. (1) The Grantor will make available the amount specified in Block 3 of this agreement, as necessary for the Project, as may be further described in Annex A.
- (2) The Grantee will make available the amount specified in Block 4 of this Agreement, as necessary for the Project, as may be further described in Annex A. The Grantee will also make, or arrange to have made, additional contributions of property, services, facilities and funds required for carrying out the Project as specified in Annex A.
- C. The Grantor and the Grantee may obtain the assistance of other public and private agencies in carrying out their respective obligations under this Agreement. The two parties may agree to accept contributions of property, services, facilities and funds for purposes of this Agreement from other public and private agencies, and may agree upon the participation of any such third party in carrying out activities under this Agreement.
- D. Except as otherwise specified herein or subsequently agreed by the parties, all contributions of the parties pursuant to this Agreement shall be made on or before the Project Assistance Completion Date, or amended date. A contribution of goods or services shall be considered to have been made when the services have been performed and the goods furnished as contemplated in this Agreement. Disbursement of funds may take place after final contributions have been made, but the Grant shall not be required to disburse funds hereunder after the expiration of nine months following the estimated Project Assistance Completion Date (Block 5 of this Agreement) or any amended Project Assistance Completion Date specified.
- E. The procurement of commodities and services to be financed in whole or in part by AID may (where so required by AID procedures) be undertaken only pursuant to Project Implementation Orders (PIOs) issued by AID.
- F. Unless otherwise specified in the applicable PIO or Project Implementation Letter (PIL), the procurement of commodities

imported specifically for the Project and financed with the AID contribution referred to in Block 3 of this Agreement shall be subject to the provisions of AID Regulation 1.

G. Unless otherwise agreed by the parties or otherwise specified in the applicable PIO, title to all property procured through financing by AID pursuant to Block 3 of this Agreement shall be in the Grantee, or such public or private agency as it may authorize.

H. Utilization of Goods and Services

(1) Any property furnished to either party through financing by the other party pursuant to this Agreement shall, unless otherwise agreed by the party which financed the procurement, be used effectively for the purpose of the Project in accordance with this Agreement, and upon completion of the Project (as well as during any period of suspension of the Project), will be used so as to further the objectives sought in carrying out the Project. Either party shall offer to return to the other, or to reimburse the other for, any property which it obtains through financing by the other party pursuant to this Agreement which is not used in accordance with the preceding sentence.

(2) Any funds provided to either party pursuant to this Agreement which are not used in accordance with this Agreement, shall be refunded to the party providing the funds.

(3) Any interest or other earnings on funds provided by the Grantor to the Grantee under this Agreement will be returned to the Grantor by the Grantee.

I. (1) If the Grantor and any public or private organization furnishing commodities through the Grantor financing for operations hereunder in the cooperating country, is under the laws, regulations or administrative procedures of the cooperating country, liable for customs, duties and import taxes on commodities imported into the cooperating country for purposes of carrying out this Agreement, the Grantee will pay such duties and taxes unless exemption is otherwise provided by any applicable international agreement.

(2) If any personnel (other than citizens and residents of the cooperating country), whether United States Government employees, or employees of public or private organizations under contract with, or individuals under contract with the Grantor, the Grantee or any agency authorized by the Grantee who are present in the cooperating country to provide

services which the Grantor has agreed to furnish or finance under this Agreement, are under the laws, regulations or administrative procedures of the cooperative country, liable for income and social security taxes with respect to income which they are obligated to pay income or social security taxes to the Government of the United States of America, for property taxes on personal property intended for their own use, or for the payment of any tariff or duty upon personal or household goods brought into the cooperating country for the personal use of themselves and members of their families (not including such personal or household goods as may be sold by any such personnel in the cooperating country) or if any firm, not normally resident in the cooperating country, is liable for income, receipts or other taxes on work financed by the Grantor hereunder, the grantee will pay such taxes, tariff, or duty unless exemption is otherwise provided by any applicable international agreement.

- J. If funds provided by the Grantor are introduced into the cooperating country by the Grantor or any public or private agency for purposes of carrying out obligations of the Grantor hereunder, the Grantee will make such arrangements as may be necessary so that such funds shall be convertible into currency of the cooperating country at the highest rate which, at the time the conversion is made, is not unlawful in the cooperating country.
- K. The Grantor shall expend funds and carry on operations pursuant to this Agreement only in accordance with the applicable laws and regulations of the United States Government.
- L. The two parties shall have the right at any time to observe operations carried out under this Agreement. Either party during the term of the Project and for three years after the completion of the Project shall further have the right (1) to examine any property procured through financing by that party under this Agreement, wherever such property is located, and (2) to inspect and audit any records and accounts with respect to funds provided by, or any properties and contract services procured through financing by, that party under this Agreement, wherever such records may be located and maintained. Each party, in arranging for any disposition of any property procured through financing by the other party under this agreement, shall assure that the rights of examination, inspection and audit described in the preceding sentence are reserved to the party which did the financing.

- M. The Grantor and the Grantee shall each furnish the other with such information as may be needed to determine the nature and scope of operations under this Agreement and to evaluate the effectiveness of such operations.
- N. The present Agreement shall enter into force when signed.
- (1) Either party may terminate this agreement in its entirety by giving the other party 30 days' written notice. USAID also may terminate this agreement in part by giving the grantee 30 days' written notice, and suspend this agreement in whole or in part upon giving the grantee written notice. In addition, USAID may terminate this agreement in whole or in part, upon giving the Grantee written notice, if (a) the Grantee fails to comply with any provision of this agreement, (b) an event occurs that USAID determines makes it improbable that the objectives of the project or the assistance program will be attained or that the Grantee will be able to perform its obligations under this agreement, or (c) any disbursement by USAID would be in violation of the legislation governing USAID.
  - (2) Except for payment which the parties are committed to make pursuant to noncancellable commitments entered into with third parties prior to such suspension or termination, suspension or termination of the entirety or part of this Agreement will suspend (for the period of suspension) or terminate, as applicable, any obligation of the parties to provide financial or other resources to the Project, or to the suspended or terminated portion of the Project, as applicable. Any portion of this Agreement which is not suspended or terminated shall remain in full force and effect.
  - (3) In addition, upon such full or partial suspension or termination, the Grantor may, at USAID's expense, direct that title to goods financed under the grant, or under the applicable portion of the grant, be transferred to the Grantor if the goods are from a source outside the Grantee's country, are in a deliverable state and have not been offloaded in ports of entry of Grantee's country.
- O. To assist in the implementation of the Project, the Grantor, from time to time, may issue PILs that will furnish additional information about matters stated in the Agreement. The parties may also use jointly agreed-upon PILs to confirm and record their mutual understanding on aspects of the implementation of this Agreement.
- P. The Grantee agrees, upon request, to execute an assignment to the Grantor of any cause of action which may accrue to the Grantee in connection with or arising out of the

contractual performance or breach of performance by a party to a direct U.S. Dollar contract with the Grantor financed in whole or in part out of funds granted by the Grantor under this Agreement.

Q. REPORTS, ACCOUNTING RECORDS, AUDITS, INSPECTIONS:

- (1) The Grantee shall furnish the Grantor such information and reports relating to the project and to this agreement as the Grantor may reasonably request.
- (2) The Grantee shall maintain accounting books, records, documents, and other evidence relating to the project and to this agreement, adequate to show, without limitation, all costs incurred under the grant, the receipt and use of goods and services acquired under the grant, the costs of the project supplied from other sources, the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and order, and the overall progress of the project toward completion ("project books and records"). At the Grantee's option, with approval by the Grantor, project books and records shall be maintained in accordance with one of the following methods:
  - (i) Generally accepted accounting principles prevailing in the United States;
  - (ii) Generally accepted accounting principles prevailing in the country of the grantee;
  - (iii) Accounting principles prescribed by the international accounting standards committee (an affiliate of the International Federation of Accountants) or
  - (iv) Such other accounting principles as the parties may agree to in writing. Project books and records shall be maintained for at least three years after the date of last disbursement by the Grantor.
- (3) If \$25,000 or more is disbursed directly to the Grantee in any one calendar year under the grant, the Grantee, except as the parties may otherwise agree in writing, shall have financial audits made of the funds disbursed to the Grantee under the grant in accordance with the following terms:

- (i) The Grantee shall select an independent auditor in accordance with the guidelines for financial audits contracted by foreign recipients issued by the Grantor Inspector General ("guidelines"), and the audits shall be performed in accordance with the guidelines.
  - (ii) An audit of the funds provided under the grant shall be conducted for each fiscal year of the grantee. The audit shall determine whether the receipt and expenditure of the funds provided under the grant are presented in accordance with generally accepted accounting principles agreed to in section (B) above and whether the grantee has complied with the terms of the agreement. Each audit shall be completed no later than one year after the close of the grantee's fiscal year.
- (4) The Grantee shall submit an audit report to A.I.D. within 30 days after completion of such audit arranged for by the Grantee in accordance with this section. The Grantor Inspector General will review each report to determine whether it complies with the audit requirements of this agreement. Subject to the Grantor's approval, costs of audits performed in accordance with the terms of this section may be charged to the grant. In cases of continued inability or unwillingness to have an audit performed in accordance with the terms of this section, the Grantor will consider appropriate sanctions which include suspension of all or a portion of disbursements until the audit is satisfactorily completed or the Grantor performs its own audit.
- (5) (i) The Grantee shall submit to the Grantor, in form and substance satisfactory to the Grantor, a plan by which the Grantee will ensure that funds made available to subrecipients that receive dols. \$25,000 or more in any one calendar year under the grant are audited in accordance with this agreement. The plan should describe the methodology to be used by the Grantee to satisfy its audit responsibilities with respect to any subrecipient to which this section applies. Such audit responsibilities with respect to subrecipients may be satisfied by relying on independent audits of the subrecipients or on appropriate procedures performed by the internal audit or program staff of the Grantee, by expanding the scope of the independent financial audit of the Grantee to

encompass testing of subrecipients accounts, or by a combination of these procedures.

- (ii) The plan should identify the funds made available to subrecipients that will be covered by audits conducted in accordance with other audit provisions that would satisfy the Grantee's audit responsibilities (a nonprofit organization organized in the United States is required to arrange for its own audits; a for-profit contractor organized in the United States that has a direct contact with A.I.D. is audited by the cognizant U.S. government agency; a private voluntary organization organized outside the United States with a direct grant from the Grantor is required to arrange for its own audits; and a host-country contractor should be audited by the cognizant grantee contracting agency).
  - (iii) The grantee shall ensure that appropriate corrective actions are taken on the recommendations contained whether subrecipients' audit reports; consider whether subrecipients' audits necessitate adjustment of its own records; and require each subrecipient to permit independent auditors to have access to records and financial statements as necessary.
- (6) The Grantor may, at its discretion, perform the audits required under this agreement on behalf of the Grantee by utilizing funds under the grant or other resources available to the Grantor for this purpose. The Grantee shall afford authorized representatives of the Grantor the opportunity at all reasonable times to audit or inspect the project, the utilization of goods and services financed by the Grantor, and books, records and other documents relating to the project and the grant.

**CLEARANCE:**

PRM:PDMorris: (draft)

CON:JHepp: \_\_\_\_\_

RLA:SPage: (draft)

**FISCAL DATA:**

APP:72-114/51014

BPC:GSS4-94-21621-KG63

OB: GRANT-AG-NO-94-01-LSGA

PROJECT: 6210521.94

RCN:T946050

A/C:621000001

AMOUNT: \$135,000.00

FULLY  
[Handwritten initials and signature]  
08/21/94